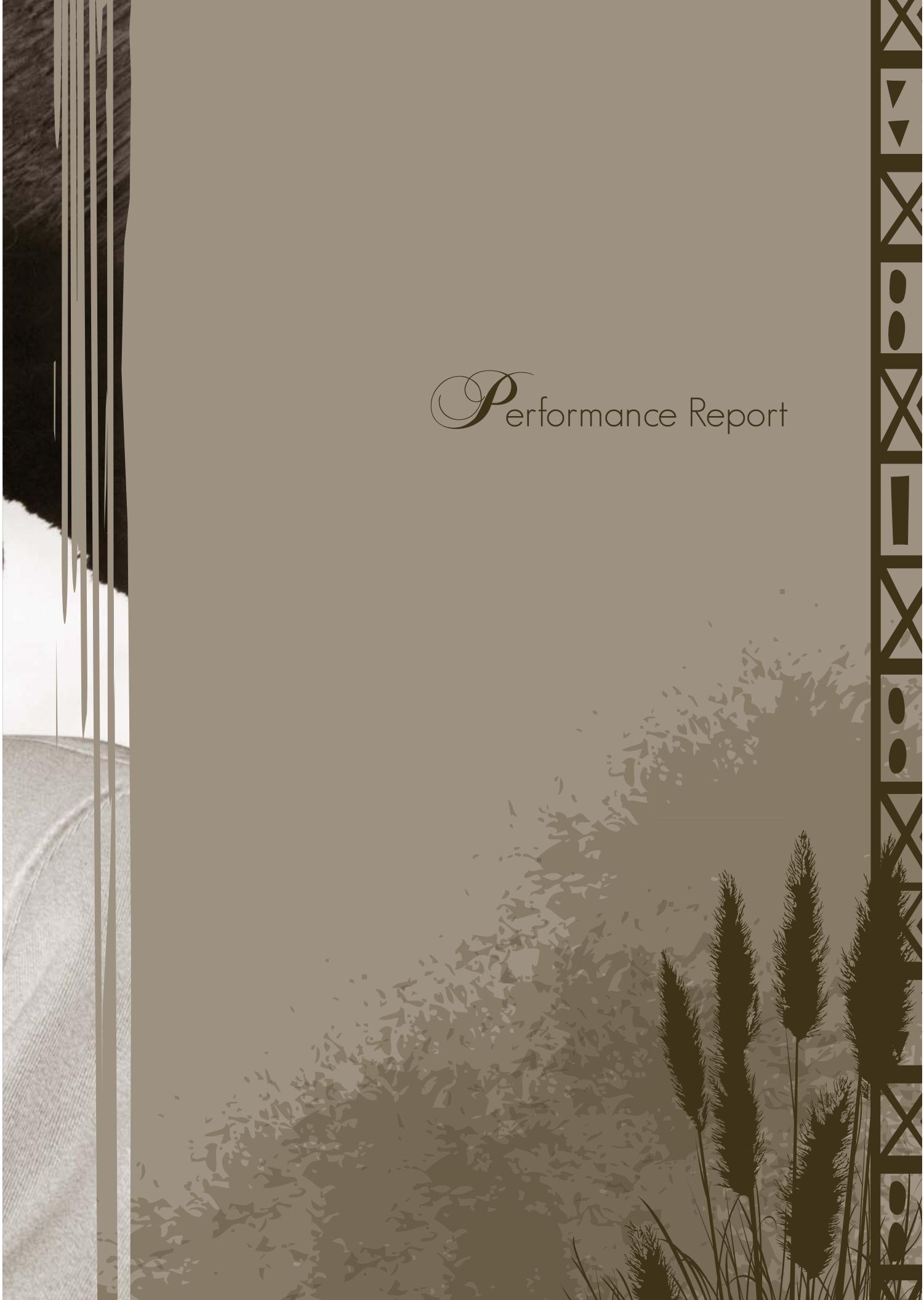


Performance Report



Performance Report

Municipal Manager

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Submit Integrated Development Plan to Council for approval.	1 Report.	Integrated Development Plan was submitted to Council and approved by 30 June 2008.	Not applicable.	Not applicable.
Monitor and act on service delivery and budget implementation, plan performances of all departments.	4 reports.	100% achieved. Reports submitted by the various departments addressing all matters outlined in the SDBIP.	Not applicable.	Not applicable.
Execution of Council decisions within time frame of decision by Portfolio committees.	100% compliance.	The various Portfolio Committees follow up on the actioning of Council Resolutions in their structured meetings to monitor and assess performance by the officials.	Not applicable.	Not applicable.
Monitor compliance with goals set in the Integrated Development plan of the municipality.	100% compliance.	Review of Quarterly Management Reports by the Municipal Manager. These reports are further presented to the EXCO on a quarterly basis. This is over and above the review conducted by the respective Portfolio Committees.	Not applicable.	Not applicable.
Monthly, quarterly and annual reports tabled at Council.	4 reports.	100% achieved. All Financial Reporting was tabled to the Council. Service Delivery and Budget Implementation Plans were also tabled to Council, as according to the legislation, within 28 days after the budget was approved. Quarterly reports on SDBIP were also tabled to Council.	Not applicable.	Not applicable.
Conduct management team meetings.	20 meetings.	100% achieved. The Management Team held a total of 20 meetings in the current year. The meetings entailed monthly feedback by managers on progress and activities done in the various departments within the municipality.	Not applicable.	Not applicable.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Ensure performance plans are in place for departmental heads.	All performance plans are in place.	Target not achieved. Performance plans of heads of departments not yet implemented.	The performance plans of the heads of departments were not in place in the current financial year due to the delayed finalisation of some of the s(57) employee contracts.	To ensure that performance plans are in place in the next financial year.
To conduct performance appraisals for heads of departments.	Performance appraisals are performed twice a year.	Target not achieved. Performance appraisal of heads of departments not done in the current financial year.	The performance plans of the heads of departments were not in place in the current financial year due to the delayed finalisation of some of the s(57) employee contracts.	To conduct performance appraisals of the heads of departments in the next financial year.
Draft the annual report, which includes: annual financial statements, Performance report (IDP) and other prescribed elements submitted to the Mayor.	Table the annual report to the Council on the legislated deadline date – 31 March 2009.	Report tabled to Council on the 31st of March 2009.	Not applicable.	Not applicable.
Prepare an oversight report and submit to Council.	Approved oversight report.	Target not achieved. The draft annual report was late to meet the statutory deadline.	The draft annual report was late to meet the statutory deadline.	To ensure strict compliance in the 2008/2009 financial year.
Regular communications with media and other bodies.	Effective communication with external parties.	Done through issuing of media statements and also responded to the media enquiries. One of the highlights is that the municipality organised and hosted radio talk shows on two different radio stations.	Not applicable.	Not applicable.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Approve all advertisements.	Approve all media communication.	100% achieved. Advertisements for the municipality and public notices were posted to various local and other newspapers. The following types of adverts were sent out to the Daily Dispatch during the 2007/2008 financial year: Invitations to Tender, BID invitation to Tender, BID Notices, Job vacancies and Public notices.	Not applicable.	Not applicable.
Approval of the EXCO reports.	100% approval of EXCO reports.	100% achieved. Executive Committee reports are tabled by the Mayor to Council at all Council meetings. All executive committee reports were approved by Council.	Not applicable.	Not applicable.
Participate and contribute to Executive Committee meetings.	Attend all EXCO meetings.	100% achieved. The Executive Committee meetings assessed the performance of each respective portfolio against the preset performance targets set out in the municipal Integrated Development Plan. Senior managers attend the executive committee meetings for accounting purposes.	Not applicable.	Not applicable.
Regular reporting on implementation of EXCO and Council decisions.	Monthly reporting.	Senior management gave progress reports on implementation of Council decisions to the Executive Committee and to Council.	Not applicable.	Not applicable.
Establish an Audit Committee.		The committee could not be established due to scarcity of skills in the area, however the Municipal Manager has been given the go ahead to 'head hunt'. The Audit Committee will be established in the new financial year.	Scarcity of skills in the District.	Municipality to 'head hunt' to find suitable skills to be recruited for the Audit Committee.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Provide regular feedback in order to keep staff aware of developments and facilitate a positive working environment and enhance productivity.	Ongoing.	Constant engagement with the staff representatives. Issue of circulars to various Departments. Staff briefings through monthly meetings.	Not applicable.	Not applicable.
Ensure effective discipline in order to maintain a positive working environment and enhance productivity.	Ongoing.	Six employees were referred to the disciplinary committee for bad conduct and have since been dismissed. Two employees were admitted to the Mthatha rehabilitation centre for alcohol abuse. On enhancement of productivity, all the members of management were enrolled with the Institute of Management through the University of Fort Hare.	Not applicable.	Not applicable.
Fulfill other roles as stipulated in the MFMA.	To fulfill other roles stipulated in the MFMA.	Target not achieved. The municipality is in the process of implementing the other MFMA provisions.	The PSJ Municipality simply has a multitude of basic tasks to execute; therefore all round compliance with the MFMA provisions was just not possible.	The municipality has set itself an 18 month timeframe post year end to achieve full and total compliance with all provisions of the MFMA.



Infrastructure

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Maintenance of access roads to health facilities	To ensure maintenance of 20 access roads leading to health facilities.	80% of annual target. The following roads have been successfully maintained in the current financial year by the Department of Transport in conjunction with the Municipality: PSJ Town road, Njela Road, Silaka Road, Mthumbane Road, Phophomeni Road, Thaleni Road, Mthambalala Road, Ferry Point Road, Chakude Road, Ziphondo Road, Lugasweni Road, Manteku Road, Mcwabansaba School Road, Ebhakaleni Kwagcoya Road, Rebhu Road, Magebevu Road, Magumbini Road.	Plant breakages. Lack of funds to purchase plant by the local municipality.	To source funds from grant funding for the purchase of new plant.
Construction of a stock pound.	To complete the stock pound project in the 2007/2008 financial year.	Project not yet implemented.	No clear plans from the Department of Roads and Transport with regards to the construction of the stock pound.	To liaise and interact with the Department of Roads and Transport on the status of the project.
Maintenance of Provincial roads.	To secure enough budget to address backlog of all Provincial roads within PSJ Municipality from 2007/2008 financial year.	55% of the Project completed within the 2007/2008 financial year.	Non availability of plant in some instances plant breakages. Lack of funds to purchase own plant.	To liaise and interact with the Department of Roads and Transport on the status of the progress of maintaining Provincial roads.
Construction of phase 1 bicycle/pedestrian path.	To construct a 7 km path from Mpantu to town.	4 km being 57% of the foot path has been completed.	Changing of contractors working on the project by the DORT (Department of Roads and Transport) and their consultants were the contributing factors to the project's slow delivery.	To re-communicate with DORT to prioritise the project once more.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Purchase engine driven boat.	Eliminate drowning.	100% achieved. Two engine boats purchased and operational in the 2007/2008 financial year by the municipality.	Not applicable.	Not applicable.
Integrated approach towards the transformation of Integrated Transport plan.	Establish local transportation system by the end of 2007/2008 financial year.	The transportation forum is busy working on the identification of bus routes with the taxi forum.	The taxi forum is objecting to the concept of re-introducing local buses to the transport system.	Engagement of all affected stakeholders in order to facilitate the function.
Construction of access roads.	To construct access roads to 5 villages.	During the 2007/2008 financial year the following roads were constructed: Ngqwaleni Access Road, Bholani Access Road, Dumasi Access Road, Ntsimbini Access Road, Bucele Road and Jambeni Access Road.	Not applicable.	Not applicable.
Telecommunication				
Network coverage in all 13 wards.	The municipality's IDP has a target of all 16 wards by 2012.	Project not yet implemented.	No clear plans from the service providers.	To liaise and interact with the service providers for coverage of the said areas in the next financial year.
To have audio visual coverage in all 13 wards.	The municipality's IDP has a target of all 16 wards by 2012.	Project not yet implemented.	No clear plans from the service providers.	To liaise and interact with the service providers for coverage of the said areas in the next financial year.
Electricity				
Upgrading of power supply.	CBD area.	100% achieved. The upgrade of power supply project was completed in April 2008.	Not applicable.	Not applicable.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Electrification of villages to eliminate backlog so as to meet national 2012 target.	On all 16 wards.	88% electrification has been achieved. The electrification process has been completed in these villages namely: Maheng, Goqwana and Rural Lusikisiki. Mbotyi area is still under construction and is to be completed by the end of July 2009.	There is no easy access to some villages due to the areas' terrain and topography. These are mainly the contributing factors to the project delay. The municipality is busy with the construction of access roads to these villages.	To liaise and interact with Eskom on the status of the project. Eskom to design the Mthambalala and Mthimde projects, with the implementation starting towards the end of the 2008/2009 financial year. The municipality to speed up the process of constructing access roads to these villages.
Establishment of a forum for cable theft awareness campaign.	On all 16 wards.	Project not yet implemented. Eskom to conduct electricity awareness and cable theft awareness campaigns before energising.	Awareness project to be implemented towards the completion of electrification project.	To liaise with Eskom and as the municipality coordinate the project.
Solid Waste				
Appoint service provider to develop Integrated Waste Management System.	A developed Integrated Waste management Plan	IWMP was developed by O.R Tambo and copies of the document are available and are kept at Port St Johns Local Municipality.	Not applicable.	Not applicable.
Source funding to implement a sustainable recycling project.	On all 16 wards.	Activity not achieved. Will be achieved in the next financial year.	The community showed little or no interest due to lack of knowledge on the subject.	To conduct awareness campaigns to all communities. Rope in people from other municipalites who are already doing well on the recycling project and have shown interest of getting involved in the project.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Spatial Development				
Development/ Establishment of a Town Planning Section.	To appoint a Town Planner and a Building Control Officer.	50% achieved as DBSA has assisted with a young professional Town Planner.	The Building Control Officer position has not been filled due to financial constraints.	The filling of the positions will be done in the 2009/2010 financial year.
Housing				
Establish a Housing Section.	To appoint Housing staff in the PSJ LM.	Activity not yet achieved. Will be implemented in the 2009/2010 financial years. Not achieved due to the non filling of the new posts.	Council resolution for 2007/2008 was that there should be no new positions filled due to financial constraints.	The filling of the positions will be done in the 2009/2010 financial year.
Informal settlement upgrade.	Ward 6.	Activity not achieved. Will be achieved in the next financial year.	<p>There are no budget allocations for the project due to lack of funding.</p> <p>In order for Grant funding application to be approved, the municipality needs to have a Housing demand list.</p> <p>The following are constraints on compiling the list:</p> <ol style="list-style-type: none"> 1. Shortages of housing demand due to non availability of serviced sites. 2. Also there are land constraints, due to Land claims which were settled in April 2008, towards the end of the financial year. 	<p>To be done when land and funding issues are resolved.</p>

Corporate Services

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Administration				
Ensure development and compliance with legislation on Council approved policies.	Council approved policy documents and implementation plan.	100% achieved.	Not applicable.	Not applicable.
Educate staff and councillors on legal provisions, council policies and compliance areas.	4 workshops.	100% achieved. Education on the municipality's by-laws was conducted in partnership with SALGA. Several workshops were conducted for councillors and senior staff, still to be cascaded down to the rest of the employees.	Not applicable.	Not applicable.
Purchasing of office furniture and equipment.	Well furnished offices.	Only 25% of the offices that needed furniture were furnished.	Target not achieved because of financial limitations.	To prioritise this issue when allocating funds from the municipal levies and municipal support grants.
Council reports to be submitted to Council Committees through Municipal Manager timeously.	Have 4 quarterly Normal Council meetings and 4 Special Council meetings.	100% achieved.	Not applicable.	Not applicable.
Ensure Council adopts the developed by-laws.	Approved by-laws.	100% achieved. All the proposed by-laws were approved.	Not applicable.	Not applicable.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Ensure officials and Councillors understand and implement by-laws.	Increase the number of attendance at awareness workshops for municipality staff.	Half the target was achieved. Several workshops have been conducted in order for the officials and Councillors to understand the concept of by - laws. The implementation process of by - laws has not started as yet.	Target not achieved because of financial constraints.	The municipality has applied for the conversion of funds by the local government, which were allocated for the initial phase of the project- i.e. by- law awareness stage. These funds are then to be utilised in the implementation process of the by-laws.
Convey workshops on by-laws to PSJ communities. Conduct compliance audits on the implementation of by-laws.	Draw reports on compliance of by-laws.	Target not achieved.	Financial limitations.	To be done subject to the availability of funds.
Ensure that municipality staff is aware of the existence and provisions of the policy.	Conduct training of personnel on the provision of the indigent policy.	Target not achieved.	A service provider has not yet been appointed to conduct training due to financial limitations.	To consider the issue as major when drawing up a budget.
Ensure that staff is aware of their deliverables in terms of customer care.	Conduct training on customer care & Batho Pele principles for staff.	Front-Line/ Reception staff sent to customer care workshops s they join the organisation or when they commence duties as front-line staff.	The municipality could only afford to send the few employees in crucial positions in relation to the subject due to financial limitations.	Address the remainder of personnel in the new financial year.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Ensure & monitor the implementation of Batho pele principles.	Conduct customer satisfaction surveys.	100% achieved. Customer satisfaction surveys are followed up through survey forms completed by the public. Complaint boxes are placed at customer reception areas and reviewed monthly. The relevant departments then address and resolve the issue or have the issue referred to the Council if it is a matter that affects the state of the municipality. Awareness posters are posted on reception areas.	Not applicable.	Not applicable.
Human Resources				
Ensure accurate administration of all leave records.	Maintain accurate & reconciled leave records of all employees of the municipality.	100% achieved.	Not applicable.	Not applicable.
Ensure that the performance management strategy is approved by the Council.	An approved performance management strategy.	Target not achieved. Employment contracts for some Senior Managers had not been signed at the time.	At the time the Council was taking long to make a decision on the appointment of some section 57 employees.	The performance management strategy to be outsourced in the new financial year.
Ensure a uniform employee remuneration system.	Market related remuneration packages.	100% achieved. All employee remunerations are equitable or are in line with their market related post levels.	Not applicable.	Not applicable.
Ensure that all staff performance is reviewed regularly and performance improvement methods are implemented.	Monthly staff performance reports and quarterly staff performance reviews.	100% achieved.	Not applicable.	Not applicable.
Ensure that all the relevant positions in the department are filled, so as to meet the deliverables, reflected in the structure and have job descriptions.	An approved departmental structure. Clearly defined job descriptions for all positions.	100% achieved.	Not applicable.	Not applicable.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Labour Relations				
Ensure labour relations legislation compliance.	Have approved collective agreements, documents and procedures.	100% achieved. Meetings with the municipality's bargaining Council were held and the documents on matters agreed upon signed.	Not applicable.	Not applicable.
Council Support				
Ensure that Council resolutions are well documented and filed together with the action list and confirmation of receipt by the responsible persons.	Action list with time frames are circulated to the responsible persons within five days of the meeting.	100% achieved.	Not applicable.	Not applicable.
Minutes of each meeting are circulated within a week after the meeting.	According to the legislation, the municipality is to have 4 ordinary standing Council meetings. The minutes to be drafted for each meeting.	90% of target achieved.	Hindering factors to a less than 100% are as follows: Technical constraints like electrical outages due to Eskom's load shedding and faulty computers.	Address these minor administrative issues in the new year.
Facilitate at least one Corporate Governance awareness workshop per semester.	Quarterly Corporate Governance meetings per annum.	Target not achieved due to financial constraints.	The municipality is at the moment short staffed and therefore out-sources the workshops to service providers. This has not been done due to financial constraints.	Address in the next financial year as a budgeting imperative.
Facilitate performance assessments of the Council & its committees.	Ensure that performance assessment of the Council and its committees is performed annually.	Target not achieved.	The performance assessment of the Council and its committees could not be performed due to delayed appointments of some s(57) employees thus impacting on service delivery.	To start with performance assessment in the next financial year.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Ensure that all Council committees operate within approved terms of reference.	Ensure formal approval of terms of reference for all Committees. Review these annually.	Council committees are working within the prescribed Municipal legislation i.e. within the terms of reference.	Not applicable.	Not applicable.
Coordinate the preparation of the Agenda by the Speaker's office and circulate notice of meetings & supporting documents to members at least 7 days before each meeting.	Ensure that Agenda and supporting documents are circulated within 7 days of each meeting.	90% of the target was achieved.	The hindering factors to the set target were: Electricity outages due to load shedding, faulty computers and limited or unavailable basic enabling resources such as the printing paper etc.	Address these minor administrative issues in the new financial years.
Ensure that minutes are accurately and properly recorded at each meeting and adopted at the next meeting of the Council/ Audit Committee/ Standing Committee.	Ensure that where possible all proceedings are recorded on tapes for backup and confirmation of resolutions & deliberations. All minutes to be signed by the Chairperson of each meeting and properly filed for easy access.	100% of target met.	There was no tape back up system in place, due to financial constraints.	Try and obtain the missing resource in the new financial year.
Ensure that the meeting venue and refreshments are properly organised for each meeting.	Proper arrangement of venue and refreshments for each meeting.	100% of target met.	Not applicable.	Not applicable.
Occupational Health and Safety				
Develop a strategy document (Health and Safety policy) and its implementation plan and present to the Council for approval.	Council approved Health & Safety Strategy document	100% of target met. Council approved Health and Safety Strategy document.	Not applicable.	Not applicable.
Ensure that municipal employees are insured for occupational injuries and diseases.	Insure municipal employees for occupational injuries and disease.	100% of target met.	Not applicable.	Not applicable.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Ensure that the Municipality's legal obligation to reduce risks to injuries health and safety in the workplace is implemented and monitored for all municipal employees and the public within Municipal premises.	To have all incidents or accidents reported on the Municipality's annual report.	100% of target met. The one major accident that occurred within this financial year involved a collision between two municipalities vehicles where one of the drivers passed away and the other survived with just minor wounds.	Not applicable.	Not applicable.
Appoint and train Health and Safety representatives for each section of the municipality.	To appoint relevant personnel for each section of the municipality.	100% of target met.	Not applicable.	Not applicable.
Develop evacuation plans & conduct drills periodically.	An approved evacuation plan and periodic fire drills.	Target not met.	The municipality could not manage to appoint relevant service providers to conduct such training due to financial limitations.	Address this aspect in the future.
Ensure that fire extinguishers exist in good working order and employees are able to use them.	Fire extinguishers are serviced on a regular basis or as may be necessary.	100% of target met.	Not applicable.	Not applicable.
Ensure that a minimum of 5% of employees are trained on First Aid annually.	To train about 5% of employees on First Aid.	100% of target met. Various institutions for example; the Paramedics services from the Department of Health occasionally visit the municipality to conduct such training at no cost.	Not applicable.	Not applicable.
Ensure that fully fledged emergency First Aid kit is available for emergencies.	Purchase and store in appropriate places fully fledged First Aid Kit(s).	Target not achieved.	The existing first aid kits expired. New first aid kits not bought yet due to non availability of funds.	To purchase new first aid kits in the next financial year.
Establish a workplace health and safety committee to deal with general health and safety issues in the workplace.	Set up a health and safety committee.	100% of target met. The health and safety legislation was reviewed in a meeting in the presence of employees and the workers union. The riskiness and exposure to hazardous elements also reviewed.	Not applicable.	Not applicable.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Budget and Treasury Office				
Conceptualise a revenue enhancement strategy.	Drafting and tabling of a revenue enhancement strategy.	Target not met by 30 September 2007 and has been revised to 30 January 2009.	Target not met due to: Financial resource constraints and limited Human Resources within the Finance Department in the Municipality. Lack of key personnel hence the need to fill the Chief Financial Officer's vacancy.	The CFO was appointed in September 2007. Funding sourced from FMG grant. The Revenue enhancement strategy to be completed in the 2008/2009 financial year.
Update property valuation roll.	Updated property valuation roll by June 2008.	Valuation roll revised in November 2008 and completed in January 2009.	Slow delivery by service provider.	The CFO requested a revised work schedule from the service provider in order to assess and review backlogs and to speed up the process. The valuation roll is yet to be presented to the public for comments and then forwarded to the local government MEC for approval.
Improve collection of prior year's billed revenue.	Increase current year service revenue by 50%.	12.9% achieved. The municipality has difficulty in enforcing the credit control policy, this is due to the fact that other essentials such as water and electricity which could be used as leverage are provided by the District Municipality and Eskom respectively, hence the process of collecting from the ratepayers is slow. Outsourced debt collectors' service is both time consuming and expensive.	No proper tools or resources for putting the credit policy in place, to regulate water and electricity cut off's due to non payments of outstanding amounts by ratepayers.	To consider utilising outsourced debt collection services.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Implementation of finance policies.	100% implementation.	50% completed at year end, balance to be complete in June 2009.	Limited funding. The municipality did not have adequate funds to complete the project within the year under review.	The municipality has applied for funding from the Provincial Local Government to enable the completion of the project.
Submission of Annual Financial Statements to the Auditor General before deadline.	Financial statements should be submitted before 31 August 2008.	Financial statements were submitted to the Auditor General 5 days after the deadline.	The municipality opted to rather submit quality financial statements late than to meet the deadline and submit less credible financial statements.	The plan is to start the preparations of financial statements on time for the ensuing financial year and beyond.
Draft budget for 2008-2011 financial period and submit for adoption by the council.	Adoption of budget by 31 May 2008.	Budget adopted by Council on 31 May 2008.	Not applicable.	Not applicable.
Review and finalise budget adjustments.	Review and finalise before statutory deadline.	Budget adjustments finalised by 31 January 2008, the statutory deadline.	Not applicable.	Not applicable.
Successful implementation of a functional accounting system.	Functional accounting system.	Achieved 90% of implementation.	10% not achieved due to a few modules which are not yet introduced and linked / interfaced to existing accounting systems for smooth operation and fulfillment of their respective functionalities.	To re-engage the supplying service providers to speed up and complete the process.
Compilation of a comprehensive fixed asset register.	Updated fixed asset register.	A GRAP compliant asset register was completed in June 2008.	Not applicable.	Not applicable.
Preparation and submission of Council reports, monthly cash flow allocations and expenditure reports and ensuring that National Reporting timelines are adhered to.	Timeous submission of reports.	100% compliance.	The installation of new accounting systems has rendered the submission of reports problematic. The deadline was nonetheless met.	Not applicable.

Key Performance Indicator	Annual Target	Actual Performance	Reason for Variance	Remedial Action
Centralise control and management of information systems.	Availability of appropriate IT infrastructure.	100% achieved. Management information systems were implemented. Previously the systems were centralised whereby we shared the systems with the District Municipality, through a dedicated phone line, however the systems have now been localised.	Not applicable.	Not applicable.
Prepare a disaster recovery plan.	Approval of the disaster recovery plan.	Target not achieved. Disaster recovery plan not in place yet.	This is a challenge of non-adequacy of resources, both human and financial.	The Department of Local Government & Traditional Affairs will assist financially so as to appoint a service provider to compile a Disaster Recovery plan given limited personnel resources.
Prepare and implement back-up processes and procedures.	Regular updates of anti-virus software.	Target not achieved.	The Budget and Treasury Department does not have an Information Technology Technician, the previous one resigned without being replaced to-date.	To employ an IT technician in the 2008/2009 financial year. Presently we make use of the Development Agency Technician, seek assistance from the District Municipality personnel resources, or alternatively we engage outside IT resources to assist us when it is absolutely necessary.

Local Economic Development

Key Performance Indicator	Annual Target	Actual Performance	Reason for variance	Remedial action
Arts and Craft festival.	<p>To have four festivals per year.</p> <p>Have more than 10 crafters emerge each year.</p> <p>To have at least two local crafters sent to Grahamstown.</p>	<p>Held mini festivals in various wards in the form of exhibitions and auditions.</p> <p>This culminated into the main festival which was held on the 13th and 14th of December.</p> <p>Artists who participated were given incentives and a number of jobs were created in the process of preparing for the festival.</p> <p>The crafters that emerged were sent to Grahamstown, a host town of the National Arts Festival.</p> <p>Small business opportunities for caterers, tent, silk screening, chairs, PA systems and décor were created.</p>	Not applicable.	Not applicable.
Research and Skills Development.	Sustainable businesses, projects and creation of jobs.	<p>The municipality in partnership with the government departments of transport, agriculture, environmental affairs and the district municipality have trained local project owners in developing their skills.</p> <p>Training was conducted in the following fields:</p> <p>Bookkeeping: the following cooperatives were trained. Nobuntu Maco LTD PSJ Youth Silkscreening Isinamva youth bricks and blocks Silwanentlupheko Mtumbane project</p> <p>Poultry management and poultry disease control : the following projects were trained Sinako Lingelethu Mthwa Makukhanye</p>	Not applicable.	Not applicable.

Key Performance indicator	Annual Target	Actual Performance	Reason for variance	Remedial action
		<p>Vegetable production and poultry management : the following projects were trained</p> <p>Zimisele goat</p> <p>Masiphakame</p> <p>Thandanani Sicambeni food and security project</p> <p>Computer literacy : the following project was trained</p> <p>PSJ women's poultry</p>		
Tourism				
Growth of existing tourism. Emerging of new tourism business.	Increase knowledge about responsible tourism.	<p>The project 'Working for the coast' was implemented, which entailed the cleaning of our beaches inwards along the coast (Mzimvubu to Mngazi), thus creating 64 job opportunities for those directly employed by the municipality. Adding more to this figure are those employed by the service providers contracted by the municipality.</p>	Not applicable.	Not applicable.
Develop Tourism sector to achieve annual increase of tourists.	Annual increase of tourists.	<p>Tourism products in increasing with the emergence of new products such as B&B's, horse and hiking trails and cultural villages improved.</p> <p>Indigenous Food restaurant in Ward 4 has submitted funding to the Thina Sinako program, D.E.A.T and the Eastern Cape Tourism Board.</p>	Not applicable.	Not applicable.
Develop and implement an Environmental Management Policy & Plan.	Developed Environmental Management Policy.	<p>Target not met.</p> <p>Due to financial limitations.</p>	Funding has been sourced from the Department of Local Government and Traditional Affairs and will be released in the 2008-2009 financial year.	Environmental Management Plan and Policy to be developed with its own funding in 2008-2009 financial year.

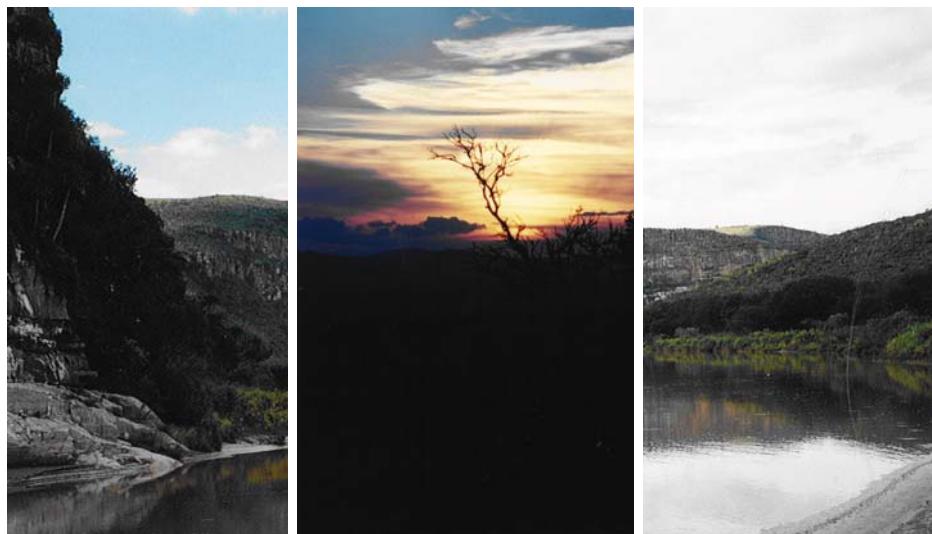
Key Performance indicator	Annual Target	Actual Performance	Reason for variance	Remedial action
Poverty alleviation through agricultural production (Siyazondla program)	Decline in poverty.	<p>The municipality in partnership with the Department of Agriculture identified a number of projects which could assist in the alleviation of poverty.</p> <p>These projects applied for Siyazondla funding and the following were approved :</p> <p>Homesteads gardens implemented in the following administration areas:</p> <p>Buchele A/A Nonjonjo A/A Mantusini A/A</p> <p>Waad projects in the following administration areas:</p> <p>Ntafufu A/A Luzuphu A/A Gunuza farm Mpantu farm Sinuka farm Island farm Luzuphu farm Qandu</p> <p>Youth projects operating in the following area:</p> <p>Tombo</p> <p>Schools built in the following administration areas:</p> <p>Cwebeni A/A Lugasweni A/A Ntafufu A/A Qandu A/A Swazini A/A</p> <p>Micro projects running in the following administration areas:</p> <p>Dumasi A/A Mngazi A/A Lutshaya A/A</p>	Not applicable.	Not applicable.

Key Performance indicator	Annual Target	Actual Performance	Reason for variance	Remedial action
		<p>Nyosana A/A Bizana A/A KwaGingqi A/A Qandu A/A Gomolo A/A Tyityane A/A Luzuphu A/A Luqhoghweni A/A Mgubo farm Island farms Mtumbane Location Ndwalana farm Gunuza farm</p> <p>The following projects were also part of the poverty alleviation; project activities entailed the planting of fruit, vegetables and poultry production.</p> <p>Mantusini Agricultural Cooperation Zanobom fruit and vegetable project Lingeletu poultry project Masiphumelele food security project</p>		
Provision of farming infrastructure.	Decline in poverty.	The CASP projects were implemented in the 07/08 financial year. Fencing of Lundini 72 Ha Massive Siyakhula and the fencing of Chwebeni Massive Siyakhula during the current financial year.	Not applicable.	Not applicable.
Crop production.	Decline in poverty.	PSJ Municipality in partnership with the Department of Agriculture, I'sBaya project has a program called the High Value Crop production, that entails inculcating the culture of promoting fruit production in 11 villages around PSJ. Interested households in these areas were trained in soil sampling, hole digging, soil preparations, tree planting, orchard layout, caring for trees, record keeping and general administration.	Not applicable.	Not applicable.
Establish a Dairy Parlour.	Decline in poverty.	PSJ Rural Women's Movement embarked on a drive to lobby funds for establishing a Dairy in Port St Johns. The movement was successful in the area of Ward 7, which is most suited for dairy farming. Feasibility study conducted in the current year indicated that the Mantusini area of Ward 7 is the most suited for dairy farming. The construction of the parlour is in process and to be completed in the first quarter of 2008/2009 financial year.	Not applicable.	Not applicable.

Key Performance indicator	Annual Target	Actual Performance	Reason for variance	Remedial action
Establish a fishing Project.	Established fish factory.	The implementation of a fish factory project by constructing the East Coast Rock Lobster holding facility at Cwebeni Village in PSJ.	The feasibility study conducted in the area showed that there is not enough infrastructure in the Cwebeni area to run the project profitably, for this reason the project has since been halted.	Identification of the 2nd beach and ward 6 uMngazi as potential areas for the project which is to commence in the 2008/2009 after proper consultation with the affected communities and the stakeholders.
Revive tea production Factory.	To have the Majola Tea production area reopened for production of tea.	The project is in its initial phase, preparing the factory for operations. Funding for the factory was approved by the Department of Agriculture in March 2008 amounting to R10 million. This was basically for equipment, maintenance, fertilizers and salaries. This is an ongoing project.	Not applicable.	Not applicable.
Eradication of Alien Plants.	To eradicate the dead forests in all the identified wards.	A program funded by the Department of Environmental Affairs called Forest Rehabilitation has been operational in PSJ since 2004 and is to be completed in 2010. A service provider 'Environmental offset investments' is the implementing agent. The project entails the rehabilitation of pockets of coastal forests using labour intensive methods to improve and create viable ecological linkages between separated forest areas. An average of 144,4 hectares of forest per month is cleared of alien plants.	Not applicable.	Not applicable.

Traffic and Public Safety

Key Performance indicator	Annual Target	Actual Performance	Reason for variance	Remedial action
Disaster Management				
Initiate a community awareness campaign on disaster management issues, perform training at ward level.	To conduct awareness campaigns on disaster management and training.	100% of target achieved. Officials, councillors and the community were trained on Disaster Management during the 2007/2008 financial year.	Not applicable.	Not applicable.
Commission a risk assessment exercise.	Risk assessment.	100% of target achieved. Risk assessment exercise was performed.	Not applicable.	Not applicable.
Training of ward committees, advisory forum, councillors, staff volunteers and training key people.	To conduct training of ward committees, advisory forum councillors and staff volunteers.	Community volunteers and ward councillors were trained during the year.	Not applicable.	Not applicable.
Development of an operation guide for disaster management.	Developed operation guide for disaster management.	100% of target achieved.	Not applicable.	Not applicable.
Purchase a fire fighter vehicle.	Purchase fire fighter vehicle.	Target not achieved.	The limitation is lack of funding.	To source funds in the next financial year.



Key Performance Indicator	Annual Target	Actual Performance	Reason for variance	Remedial action
Traffic and Road Transport				
Organise transport forum and address taxi issues.	Address taxi issues.	100% of target achieved. A local transportation forum was formed during the current financial year. The forum is comprised of the following stake holders: Taxi association, buses, Traffic Dept, Police Dept, Health Dept, Hawkers Union, Justice Dept, DORT, DEAT, DOE, business people and community representatives. The forum addressed issues on: The reconstruction of roads The lingering conflict between buses and the taxi association. The plan to build a new bus/ taxi rank, and proposed places are between Tombo location and Port St Johns town.	Not applicable.	Not applicable.
Establish a driver's licence and learner's licence testing centres.	Established driving license and learners license testing centres.	Target not achieved.	The limitation is lack of funding.	Project to be implemented in the next financial year.
Erect street signs, street names and house numberings.	Erected street signs, street names and house numberings.	Target not achieved.	The limitation is lack of funding.	Project to be implemented in the next financial year.
Fleet management strategy document on use of municipal vehicles.	Fleet management strategy.	100% of target achieved. The following procedures were implemented for control purposes during the financial year: Trip authority: A document to request a motor vehicle for official trips. The document is then authorised by the respective managers and approved by the transport officer.	Not applicable.	Not applicable.
		Log book: Records the vehicle mileages before and after the trips for accurate kilometer readings for accounting purposes. Driver's daily checks / operator checklist: Guides the driver to assess the good or faulty condition of the car. Asset Register: Records the number and the movement in the fleet in the current financial year.		

Key Performance indicator	Annual Target	Actual Performance	Reason for variance	Remedial action
Safety and Security Issues				
Development of awareness programs on crime and domestic related crimes.	Decrease the current crime rate on domestic related crimes by 10% within the 2007/2008 financial year. To have increased number of reported domestic cases.	100% of target achieved. Police services brought closer to the people through sector policing. Identified all the 'hot spots' that are crime stricken in the Port St Johns area.	Not applicable.	Not applicable.
Development of public safety strategy, e.g. to work hand in hand with SAPS	Public safety strategy plan drawn up.	100% of target achieved. Crime prevention summit was conducted during the course of the financial year. Established a crime prevention plan.	Not applicable.	Not applicable.
Recruitment and training of Community Safety Forum (CSF) volunteers in all wards	Recruited and trained CSF volunteers	Target not achieved. The programme was to be launched by the municipality together with SAPS on all wards.	Training could not be performed for CSF volunteers because of financial constraints.	CSF to attempt training in the following financial year.
Joint training of Community Safety Forum and Crime Prevention Forum members (CPF).	Trained Community Safety Forum and Crime Prevention Forum members.	Target not achieved.	Training could not be performed for CSF and CPF members due to financial limitations.	Training to take place in the next financial year.
Curtail drug trafficking and substance abuse in school.	Creating a crime free climate conducive to effective teaching and learning in schools.	100% of target achieved. Implemented a roll out plan for the safer schools project in partnership with DoE. Implemented an outreach program, visiting schools.	Not applicable.	Not applicable.









*A*uditor General's Report





A U D I T O R - G E N E R A L

Auditor General's Report

Report of the Auditor - General to Eastern Cape Provincial Legislature and Council on the Financial Statement and Performance Information of Port St Johns Local Municipality for the year ended 30 June 2008.

REPORT ON THE FINANCIAL STATEMENT

Introduction

I have audited the accompanying financial statements of the Port St Johns Local Municipality which comprise the statement of financial position as at 30 June 2008, statement of financial performance, statement of changes in net assets and the cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory notes, and the accounting officer's report, as set out on pages 74-81.

Responsibility of the Accounting Officer for the Financial Statement

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with basis of accounting determined by National Treasury as set out in the summary of significant accounting policies and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:

- Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- Selecting and applying appropriate accounting policies
- Making accounting estimates that are reasonable in their circumstances.

Responsibility of the Auditor-General

As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit, 2004 (Act No. 25 of 2004) (PAA) and section 126 (3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the International Standard on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the:

- Appropriateness of accounting policies used
- Reasonableness of accounting estimates made by management
- Overall presentation of the financial statements.

Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosure made by the Port St Johns Local Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of Accounting

The municipality's policy is to prepare financial statements on the basis of accounting determined by National Treasury, as set out in accounting policy note 1.

Basis for Qualified opinion

Basis of Presentation

GRAP, GAMAP and SA GAAP basis of presentation require details of the exemption applicable to the municipality to be provided in the notes to the annual financial statements. The financial statements of the municipality did not fully comply with these disclosure requirements in that the exemptions applicable to the municipality were not adequately disclosed in the notes to the annual financial statements.

Leave Pay Accrual

The municipality relies on its leave register as the primary source for calculating the leave pay accrual and related expenses. Various shortcomings were identified in respect of the register such as, the register did not contain opening balances, leave accrued was not recorded timely, and leave movements were incorrectly captured in the register. As a result, the accuracy and completeness of the closing balance at 30 June 2008 could not be determined.

In addition, the leave pay accrual is also incorrectly disclosed as leave pay provision in note 3 to the financial statements which is in contravention of GAMAP19.15.

The municipality's record did not permit the application of alternative audit procedures.

Consequently, I was unable to obtain sufficient and appropriate audit evidence to satisfy myself as to completeness and valuation of the leave pay accrual as disclosed in note 3 of the financial statements, as well as the completeness and occurrence of employee related costs as disclosed in note 17 of the financial statements.

Consumer Debtors

Sufficient, appropriate audit evidence could not be provided to substantiate the amount of R9.1 million disclosed as consumer debtors at 30 June 2008. An age analysis and reconciliation provided amounted to R8.9 million which did not tie to the consumer debtors balance. No adequate explanation was provided to explain the difference.

As a result of the inadequate records being maintained by the municipality, I was unable to perform alternative audit procedures.

Consequently I am unable to satisfy myself as to completeness and valuation of consumer debtors.

Interest Paid

The amount for interest paid as disclosed on the face of the statement of financial performance indicates an interest amount of R1.7 million, which is R416 306 less than the amount disclosed in note 29. No adequate explanation or documentation was provided to explain the difference. The municipality's record and systems did not permit the application of alternative audit procedures.

Consequently, I was unable to obtain sufficient, appropriate audit to satisfy myself as to occurrence and accuracy of interest paid as disclosed both on the face of the statement of financial performance, as well as in note 19 to the financial statements.

Fruitless and Wasteful Expenditure

The municipality incurred penalties and interest amounting to R863 462 and R564 196 for late submission of returns and/or non contribution of statutory payments in respect of Unemployment Insurance Fund and Skills Development Levies respectively. These penalties are regarded as fruitless and wasteful expenditure.

In addition these penalties and interest were not disclosed in note 24 of the financial statements as fruitless and wasteful expenditure as required by section 125 (2)(d)(i) of the MFMA.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Port St John Local Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the applicable reporting framework and in the manner required by the MFMA and DORA.

Emphasis of Matter

I draw attention to the following matter:

Going Concern

The municipality is considered to be a going concern risk as it is highly dependent on Government Grants (94% of income for the 2007/08 financial year is government grant funding). In the event that government grants decrease significantly, the municipality may not be able to continue rendering basic services to the community in its jurisdiction.

I further draw attention to the fact that the accounting record of Port St Johns Local Municipality indicates that the municipality operated on an overdraft amounting to R5.8 million as disclosed in note 13 to the financial statements. In addition, the statements of financial performance indicated that the municipality incurred an operating deficit amounting to R3.6 million (after accounting for contributions from future depreciation reserves) for the year under review.

My overall review and assessment of Port St Johns Local Municipality financial statements and accounting records revealed that the municipality will not be in a position to meet its obligations in the foreseeable financial years without additional financial support from government.

This matter was not disclosed in the financial statements.

Amendments to the applicable basis of accounting

Government Notice No. 522 issued in Government Gazette No. 30013 of 29 June 2007, exempted medium capacity municipalities from complying with section 122(3) of the MFMA to the extent that they are required in the preparation of their financial statements to comply with the standards referred to in that section.

The municipality has elected to early adopt those exempt requirements and comply with the standards of GRAP, GAMAP and SA GAAP and to utilize exemptions available to high capacity municipalities as listed in Annexure A of the Gazette.

Other Matters

I draw attention to the following matter(s) that relate to my responsibility in the audit of the financial statements:

Internal Controls

Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the adverse opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting Item	Control Environment	Risk Assessment	Control Activities	Information and Communication	Monitoring
Basic of presentation			√		
Leave pay accrual			√		
Consumer debtors	√		√		
Interest paid		√	√		
Fruitless and wasteful expenditure		√	√		
<p>Control environment: establishes the foundation for the internal control systems by providing fundamental discipline and structure for financial reporting.</p> <p>Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.</p> <p>Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.</p> <p>Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.</p> <p>Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklist, by employees within a process.</p>					

Non-compliance with Applicable Legislation

Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

Section 67, dealing with the payment of funds to entities other than in the normal course of business transactions, sets out a number of requirements which the municipality is required to enforce on such entities while they are in receipt of funds for the municipality. The municipality failed to formally address many of these requirements in its dealing with other entities.

Section 126(1)(1) requires financial statements for municipalities to be prepared by the accounting officer and submitted for auditing within two months after the end of the financial year to which such financial statements relate (i.e. by 31 August of that year). The financial statements in their final form for the year ended 30 June 2008 were only submitted on 9 February 2009.

Matters of Governance

The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of Governance	Yes	No
Audit committee		
The municipality had an audit committee in operation throughout the financial year	✓	
The audit committee operates in accordance with approved, written terms of reference	✓	
Internal Audit		
The municipality had an internal audit function in operation throughout the financial year.	✓	
The internal audit function operates in terms of an approved internal audit plan.	✓	
The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	✓	
Other matters of governance		
The financial statements were submitted for audit as per the legislated deadlines (section 126 of the MFMA).	✓	
The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.	✓	
The financial statements submitted for audit were subjected to any material amendments resulting from the audit	✓	
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	✓	
The prior year's external audit recommendations have been substantially implemented.	✓	
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and relevant provincial treasury before 30 October 2007.	✓	
The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.	✓	
The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.	✓	

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

I have reviewed the performance information as set out on pages 45 to 70.

Responsibility of the Accounting Officer for the Performance Information

In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipality Systems Act, 200 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008 and section 45 o the MSA.

In terms of the foregoing my engagement included performing procedures and audit, to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below

Audit Findings (Performance Information)

Non-Compliance with Regulatory Requirements

No Performance Appraisal for Section 57employees

The municipality did not have performance appraisals for senior management as required by Section 57 of the Municipal Systems Act, 2000 (Act No. 32 of 2000). Although quarterly performance appraisals were conducted, there is no evidence of these quarterly performance appraisals being performed.

Montoring, Measuring and Review

The requirements for monitoring, measuring and review as stipulated in regulation 13 of the Local Government: Municipal Planning and Performance Management Regulations, 2001, have not been complied with as there were not measurable, realistic and precise key indicators noted during the review of performance information.

No Performance Management System in Place

No PMS is in place and no formally documented process has been adopted. No compliance with chapter 6 of the MSA and Regulation 7.

Lack of Sufficient Appropriate Audit Evidence

Lack of Access to Records

I was unable to obtain sufficient appropriate audit evidence in relation to the performance information of the Port St Johns Local Municipality, as I was unable to obtain the following records pertaining to the programs/objective/key performance indicators listed below:

- Reports on the maintenance of access roads to health facilities for all months except January and April 2008
- Reports on the revival of the tea production facility for all months except January and April 2008.

Appreciation

The assistance rendered by the staff of the Port St Johns Municipality during the audit is sincerely appreciated.

Auditor-General

East London

08 April 2009







Port St Johns Municipality
Annual Financial Statements
for the year ended 30 June 2008



PORT ST JOHNS LOCAL MUNICIPALITY



Annual Financial Statements for the year ended 30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 35, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Z M Hewu
Municipal Manager

Z Mrwebi
Chief Finance Officer

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Port St Johns Municipality
 Statement of Financial Position
 as at 30 June 2008

Note	2008		2007	
	R	R	R	R
Net Assets and Liabilities				
Net assets		31,044,770		35,157,298
Capitalisation reserve		15,072,448		20,893,003
Government grant reserve		8,393,008		6,021,950
Accumulated surplus		7,579,313		8,242,345
Non-current liabilities				
Long-term liabilities	1	-		226,529
		23,360,283	19,821,989	
Current liabilities				
Consumer deposits	2	-		-
Provisions	3	341,410		-
Creditors	4	13,984,796		11,496,255
Unspent conditional grants and receipts	5	3,010,800		-
Bank overdraft	13	5,779,807		8,093,653
Current portion of long-term liabilities	1	243,470		232,081
		54,405,053	55,205,816	
Total Net Assets and Liabilities				
Assets				
<i>Non-current assets</i>				
Property, plant and equipment	6	45,932,218		49,660,093
Long-term receivables	7	-		72,548
		45,932,218	49,732,641	
<i>Current assets</i>				
Inventory	8	112,266		-
Consumer debtors	9	3,040,303		3,294,970
Other debtors	10	2,754,282		161,589
Current portion of long-term receivables	7	-		80,544
VAT	11	2,030,980		1,411,274
Call investment deposits	12	532,902		524,189
Bank balances and cash	13	2,102		609
		8,472,835	5,473,175	
Total Assets				
		54,405,053	55,205,816	

Port St Johns Municipality

Statement of Financial Performance for the year ended 30 June 2008

	Note	2008		2007	
			R		R
Revenue					
Property rates	14	2,889,521		764,056	
Service charges - refuse	15	631,997		24,106	
Rental of facilities		31,688		26,013	
Interest earned - external investments		7,938		53,014	
Interest earned - outstanding debtors		15,028		27,431	
Fines		74,710		161,630	
Licences and permits		61,097		-	
Government grants and subsidies	16	32,857,221		36,503,976	
Other income		101,433		563,260	
Gains on disposal of property, plant and equipment		3,500,000		-	
Total Revenue		40,170,633		38,123,486	
Expenditure					
Employee related costs	17	16,524,937		15,742,060	
Remuneration of Councillors	18	5,016,095		4,692,093	
Bad debts		6,075,320		-	
Depreciation		1,863,247		1,230,076	
Repairs and maintenance		899,918		1,835,087	
Interest paid	19	1,738,794		746,176	
Local Economic Development Programmes		1,568,369		52,698	
General expenses		10,563,944		11,553,012	
Total expenditure		44,250,625		35,851,202	
(Deficit) / Surplus for the Year		(4,079,992)		2,272,284	

Port St Johns Municipality
 Cash Flow Statement
 for the year ended 30 June 2008

Note	2008		2007	
	R	R	R	R
Cash Flow from Operating Activities				
Cash receipts from ratepayers, government and other		36,647,667		38,043,041
Cash paid to suppliers and employees		(37,785,897)		(37,602,038)
Cash (utilised in) / generated by operations	22	(1,138,230)		441,003
Investment income		22,966		80,445
Interest paid		(1,738,794)		(746,176)
Net Cash from Operating Activities		(2,854,059)		(224,728)
Cash Flows from Investing Activities				
Purchase of property, plant and equipment		(3,467,909)		(4,371,727)
Proceeds on disposal of property, plant and equipment		8,800,000		-
Decrease in long-term receivables		72,548		25,496
Net Cash from Investing Activities		5,404,639		(4,346,231)
Cash Flows from Financing Activities				
Loans (repaid) / raised		(226,529)		226,529
Net Cash from Financing Activities		(226,529)		226,529
Net Increase / (Decrease) in Cash and Cash Equivalents				
Cash and cash equivalents at the beginning of the year		2,324,051		(4,344,430)
Cash and cash equivalents at the end of the year	23	(5,244,803)		(7,568,854)



Port St Johns Municipality
 Statement of Changes in Net Assets
 for the year ended 30 June 2008

	Pre-GAMAP	Capitalisation	Government	Revaluation	(Accumulated)	Total
Reserves and Funds	Reserve		Grant Reserve	Reserve	Deficit) / Accumulated Surplus	
2007						
Balance at 01 July 2007	22,490,721	-	-	-	(9,777,697)	12,713,024
Implementation of GAMAP (Note 20)	22,490,721)	21,302,226	-	-	1,188,495	-
Change in accounting policy owned assets previously unaccounted for	-	-	-	-	33,581,661	358,1661
Capital grants used to acquire PPE	-	-	2,871,270	-	(2,871,270)	-
Arrear depreciation financed out of accumulated deficit	-	-	-	-	(5,834,773)	(5,834,773)
Correction of error - change of closing balances in 2007 (Note 21.1)	-	-	-	-	563,708	563,708
Correction of errors (Note 21.2)	-	-	-	-	(5,866,322)	(5,866,322)
Capital grant used to purchase PPE	-	-	3,720,513	-	(3,720,513)	-
Offsetting depreciation	-	(409,223)	(569,833)	-	979,056	-
Balance at 30 June 2007	20,893,003	6,021,950	-	8,242,345	35,157,298	
2008						
Loss on disposal of property, plant and equipment	-	-	-	-	(32,536)	(32,536)
Deficit for the year	-	-	-	-	(4,079,992)	(4,079,992)
Capital grants used to acquire PPE	-	-	3,249,743	-	(3,249,743)	-
Transfer from the Capitalisation reserve in lieu of assets disposed	-	(5,300,000)	-	-	5,300,000	-
Offsetting depreciation	-	(520,555)	(878,685)	-	1,399,240	-
	-	15,072,448	8,393,008	-	7,579,313	31,044,770

Port St Johns Municipality

Accounting Policies to the Annual Financial Statements for the year ended 30 June 2008

1. Basis Of Presentation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General.

Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8	Have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP

3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

2. Presentation Currency

These annual financial statements are presented in South African Rand.

3. Reserves

3.1 Capitalisation Reserve

On the implementation of GAMAP / GRAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation.

Reserve instead of the accumulated surplus in terms of a directive issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

3.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated a transfer is made from the Government Grant to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

3.3 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus. On disposal, the net revaluation surplus is transferred to the accumulated deficit while gains or losses on disposal based on revalued amounts, are credited or charged to the Statement of Financial Performance.

4. Property, Plant and Equipment

Property, plant and equipment is stated cost less accumulated depreciation with an exception of land and buildings which are revalued as indicated below.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

Infrastructure	Years	Other	Years
Roads and paving	30	Buildings	30
Housing	30	Specialist vehicles	10
Community		Other vehicles	5
		Office equipment	3-7
Buildings	30	Furniture and fittings	7-10
Recreational facilities	20-30	Specialised plant and equipment	10-15
Landfill sites	15		

The municipality has taken advantage of the exemptions permitted by the Minister of Finance, in terms of General Notice 552 of 2007 and confirmed by Provincial Treasury with respect to property plant and equipment as follows:

GAMAP 17 Paragraphs 59-61 and 77	The review of useful lives of property, plant and equipment recognised in the Statement of Financial Position.
GAMAP 17 Paragraphs 62 and 77	The review of the depreciation method applied to property, plant and equipment recognised in the Statement of Financial Position.
GAMAP 17 Paragraphs 64-69 75(e)(v)-(vi)	Impairment of non-cash generating assets recognised assets recognised in the Statement of Financial Position.
GAMAP 17 Paragraphs 63 and 75 (e) (v)	Impairment of cash generating assets recognised in the Statement of Financial Position
AC 128	Impairment of assets.
AC 129 Intangible assets	The entire standard except for the recognition, measurement and disclosure of the computer software and website costs (AC432) and all other costs were expensed.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

5. Revaluation of Land and Buildings

Land and buildings are stated at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation in respect of buildings. As a matter of transition, land and buildings (other than community assets) are currently not being depreciated until a sound demarcation of values between the land and buildings' component is ascertained.

6. Landfill Site

The municipality owns and operates a landfill site. In terms of the minimum environmental requirements, the municipality is required to and has an obligation to rehabilitate the landfill site at the end of its economic life span. The municipality's operational policy is to rehabilitate the landfill site every 6 months i.e. twice per year. Consequently, the municipality has no further duty or obligation to create a provision for rehabilitation of the landfill site as such costs are ordinarily being incurred and expensed in the course of normal municipal operations.

7. Investments

Financial instruments which entail short-term deposits invested in registered commercial banks are stated at cost.

The municipality has taken advantage of the exemptions permitted by the Minister of Finance, in terms of General Notice 552 of 2007 and confirmed by Provincial Treasury with respect to investment property as follows:

AC 135 Investment Property - The entire standard to the extent that property is as accounted for in terms of GAMAP 17.

AC 135 Investment Property paragraphs 79 (e) (i) - (iii) - disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard.

8. Inventories

Consumable stores and maintenance materials are valued at the lower of cost and net realisable value. The basis of determining cost is the first-in-first out method.

The municipality has taken advantage of the exemptions permitted by the Minister of Finance, in terms of General Notice 552 of 2007 and confirmed by Provincial Treasury with respect to immovable capital assets inventory as follows:

GAMAP 12 - The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.

9. Accounts Receivable

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

10. Trade Creditors

Trade creditors are stated at their nominal value.

11. Revenue Recognition

Revenue is recognised when it is probable that future economic benefits will flow to the municipality and these benefits can be measured reliably.

11.1 Assessment Rates

Assessment rates are levied at an approved annual rate on the value of land and buildings. All rateable properties are charged assessment rates based on the municipal valuation of properties. The revenue is recognised on issue of assessment rates to ratepayers.

11.2 Refuse

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. Fixed tariffs are determined per category of property usage.

11.3 Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

11.4 Rental income

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

The municipality has taken advantage of the exemptions permitted by the Minister of Finance, in terms of General Notice 552 of 2007 and confirmed by Provincial Treasury with respect to the initial measurement of fair value discounting all future receipts using an imputed rate of interest as follows:

GAMAP 9 Revenue SAICA Circular 09/06 and paragraph 12 - initial measurement of fair value discounting all future receipts using and imputed rate of interest.

12. Conditional Grants and Receipts

Revenue from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

13. Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable than an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

14. Cash and Cash Equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank on bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts expensed as incurred.

15. Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

16. Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1988) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted as revenue in the Statement of Financial Performance.

18. Comparative Information

18.1 Current Year Comparatives

Budgeted amounts have been included in the annual financial statements for the current financial year only.

18.2 Prior Year Comparatives

When the presentation or classification of items in annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

19. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the municipality at the present value of future minimum lease payments. Such assets are depreciated in terms of the accounting policy on property, plant and equipment stated in item 6 above. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability. Lease payments are apportioned between finance charges and reduction of lease obligation to achieve a constant rate of interest (effective interest rate method) on the remaining balance of the liability. Finance charges are charged directly against income.

Operating lease payments are recognised as an expense on a straight line basis over the lease terms. Operating lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed in the body of the financial statements.

20. Retirement Benefits

The municipality operates a defined contribution plan in the form of a provident fund scheme covering employees. The assets of the scheme are held separately from those of the municipality and are administered by the scheme's trustees. Contributions to the defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to contributions.

21. Borrowing Costs

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

22. Exemptions

The municipality has taken advantage of the exemptions permitted by the Minister of Finance, in terms of General Notice 552 of 2007 and confirmed by Provincial Treasury as follows:

AC 133	Initially measuring financial assets and financial liabilities at fair value.
AC 142	Paragraphs 6-14, 15-29 and 38-42 - classification, measurement and disclosure of non-current assets held for sale and discontinued operations.
AC 144	Entire standard.
AC 115	Segment reporting.
AC 146	Operating segments.
AC 109	Construction contracts.
AC 140	Business combinations.

23. Events After the Reporting Date

The agency considers events that occur after the reporting date for inclusion in the annual financial statements. Events that occur after the reporting date (30 June 2008) and the date on which the audit of the financial statements is completed (30 November 2008) are considered for inclusion in the annual financial statements.

Port St Johns Municipality

Notes to the Financial Statements for the year ended 30 June 2008

	2008	2007
	R	R
1. Long-Term Liabilities		
Capitalised Lease Liability	243,470	458,610
Less: Current portion transferred to current liabilities	(243,470)	(232,081)
Total external loans	-	226,529
2. Consumer Deposits		
Water and other services	-	-
3. Provisions		
Staff leave	341,410	-
Provision of staff leave represents a sum of the present obligation by the municipality to employees in respect leave due and payable at year end. By its nature it is not possible to estimate with any measure of reasonable accuracy the anticipated timing of utilising the leave provided for, suffice to say it will be utilised during the course of the ensuing year.		
The movement in staff leave is as follows:		
Balance at the beginning of the year	-	-
Transfer from non- current	-	-
Contributions to provision	341,410	-
Expenditure incurred	-	-
Balance at the end of the year	341,410	-
4. Creditors		
Trade creditors and accruals	8,731,301	6,017,256
Payroll creditors	4,961,513	5,465,539
Other creditors	280,422	-
Deposits	11,560	13,460
Balance at the end of the year	13,984,796	11,496,255
5. Unspent Conditional Grants and Receipts		
Conditional grants from other spheres of Government Municipal Support Programme - Various	2,305,800	-
MIG Grant	705,000	-
3,010,800	-	-

See note 16 for reconciliation of grants from other spheres of government.


Port St Johns Municipality
 Notes to the Financial Statements *(continued)*
 for the year ended 30 June 2008

6. PROPERTY, PLANT AND EQUIPMENT (Reconciliation of Carrying Value)

Description	Land and Buildings	Infrastructure	Community Assets	Capitalised Leased Assets - Motor Vehicles	Other Assets	Total
	R	R	R	R	R	R
Carrying values at 1 July 2007	34,879,819	8,351,813	3,228,603	509,349	2,690,509	49,660,093
Cost	-	6,591,783	-	587,710	6,724,602	13,904,095
Correction of error	-	-	-	-	-	-
Revaluation	34,879,819	5,618,395	5,082,356	-	2,951,340	48,531,910
Accumulated depreciation:	-	(3,858,365)	(1,853,753)	(78,361)	(6,985,433)	(12,775,912)
- Cost	-	(1,306,347)	-	(78,361)	(6,112,926)	(7,497,634)
- Correction of error	-	-	-	-	-	-
- Revaluation	-	(2,552,018)	(1,853,753)	-	(872,507)	(5,278,278)
Acquisitions	-	-	-	-	218,166	218,166
Capital under construction	-	3,249,743	-	-	-	3,249,743
Depreciation:	-	(1,065,778)	(149,502)	(117,542)	(530,426)	(1,863,248)
- based on cost	-	(878,685)	-	(117,542)	(428,106)	(1,424,333)
- based on revaluation	-	(187,093)	(149,502)	-	(102,320)	(438,915)
Carrying value of disposals:	(5,300,000)	-	-	-	(32,536)	(5,332,536)
Cost/revaluation	(5,300,000)	-	-	-	(5,211,761)	(10,511,761)
Accumulated depreciation	-	-	-	-	5,179,225	5,179,225
Impairment loss	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Carrying values at 30 June 2008	29,579,819	10,535,778	3,079,101	391,807	2,345,713	45,932,218

Description	Land and Buildings	Infrastructure	Community Assets	Capitalised Leased Assets - Motor Vehicles	Other Assets	Total
	R	R	R	R	R	R
Cost	-	9,841,526	-	587,710	1,731,007	12,160,243
Revaluation	29,579,819	5,618,395	5,082,356	-	2,951,340	43,231,910
Accumulated depreciation:	-	(4,924,143)	(2,003,255)	(195,903)	(2,336,634)	(9,459,935)
- Cost	-	(2,185,032)	-	(195,903)	(1,361,807)	(3,742,742)
- Revaluation	-	(2,739,111)	(2,003,255)	-	(974,827)	(5,717,193)
Carrying values at 1 July 2006	34,879,819	5,201,133	3,378,105	-	3,059,385	46,518,442
Cost	-	2,871,270	-	-	6,661,098	9,532,368
Correction of error	-	-	-	-	-	-
Revaluation	34,879,819	5,618,395	5,082,356	-	2,951,340	48,531,910
Accumulated depreciation:	-	(3,288,532)	(1,704,251)	-	(6,553,053)	(11,545,836)
- Cost	-	(923,607)	-	-	(5,769,276)	(6,692,883)
- Correction of error	-	-	-	-	-	-
- Revaluation	-	(2,364,925)	(1,704,251)	-	(783,777)	(4,852,953)
Acquisitions	-	3,720,513	-	587,710	63,504	4,371,727
Capital under construction	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-
Depreciation:	-	(569,833)	(149,502)	(78,361)	(432,380)	(1,230,076)
- based on cost	-	(382,740)	-	(78,361)	(343,650)	(804,751)
- based on revaluation	-	(187,093)	(149,502)	-	(88,730)	(425,325)
Carrying value of disposals:	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Carrying values at 30 June 2007	34,879,819	8,351,813	3,228,603	509,349	2,690,509	49,660,093
Cost	-	6,591,783	-	587,710	6,724,602	13,904,095
Revaluation	34,879,819	5,618,395	5,082,356	-	2,951,340	48,531,910
Accumulated depreciation:	-	(3,858,365)	(1,853,753)	(78,361)	(6,985,433)	(12,775,912)
- Cost	-	(1,306,347)	-	(78,361)	(6,112,926)	(7,497,634)
- Revaluation	-	(2,552,018)	(1,853,753)	-	(872,507)	(5,278,278)



Port St Johns Municipality

Notes to the Financial Statements (*continued*)
for the year ended 30 June 2008

6. Property, Plant and Equipment

Land and buildings were revalued to fair value using depreciated replacement values. The effective date of revaluation was 01 July 2007. The revaluation was done by Khanyisa Properties and Management Services who are registered independent valuers.

The leased property, plant and equipment is secured as set out in Note 2.

As part of the conversion to GRAP, the municipality has undertaken a comprehensive revaluation whereby the average useful life has been estimated in respect of each category of infrastructure and community assets using the revaluation amounts of land and buildings. With this process an assessment of the impairment of property, plant and equipment has been done and accordingly impaired assets have been excluded from the revaluation process.

7. Long-Term Receivables

Motor vehicle loans - Managers

Less: Current portion transferred to current receivables

	2008	2007
	R	R
Motor vehicle loans - Managers	-	153,092
Less: Current portion transferred to current receivables	-	(80,544)
	-	72,548

Prior to the promulgation of the MFMA Senior Managers were entitled to car loans. Since then no new loans were issued and the remaining loans being recovered bear interest at 8% per annum and are repayable in monthly instalments totalling R8,170.

8. Inventory

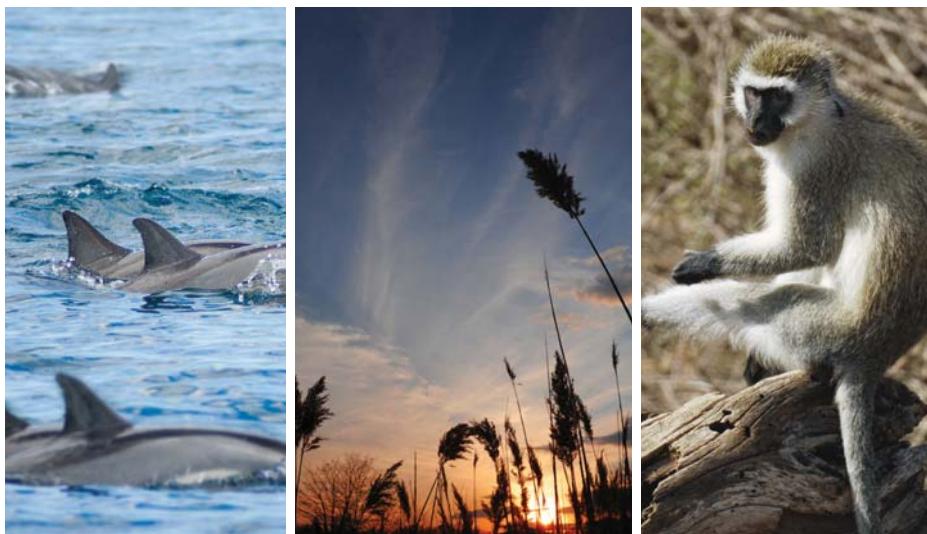
Consumable stores at cost

Maintenance materials at cost

74,923	-
37,343	-
112,266	-

	2008		2007	
	R	R		
9. Consumer Debtors				
	Gross Balance	Provision for Bad Debts	Net Balances	
As at 30 June 2008				
Service debtors				
Rates	7,057,855	4,664,266	2,393,589	
Refuse	853,618	587,464	266,153	
Property lease	1,220,547	839,987	380,560	
	9,132,020	6,091,717	3,040,303	
As at 30 June 2007				
Service debtors				
Rates	5,322,507	2,775,927	2,546,580	
Refuse	643,735	335,737	307,998	
Property lease	920,445	480,054	440,392	
	6,886,687	3,591,717	3,294,970	
Rates: Ageing				
Current (0 - 30 days)		160,372	120,940	
31 - 60 days		1,685,143	1,270,809	
61 - 90 days		143,992	108,588	
91 -120 days		186,213	140,428	
121 - 300 days		547,148	412,618	
+ 300 days		4,334,987	3,269,123	
Total	7,057,855	5,322,507		
Refuse: Ageing				
Current (0 - 30 days)		107,068	83,301	
31 - 60 days		101,733	79,150	
61 - 90 days		51,844	40,335	
91 -120 days		50,722	39,463	
121 - 270 days		155,202	120,750	
+ 270 days		387,049	301,130	
Total	853,618	664,128		
Property Lease: Ageing				
Current (0 - 30 days)		59,484	46,280	
31 - 60 days		1,309	1,018	
61 - 90 days		3,185	2,478	
91 -120 days		2,617	2,036	
121 - 270 days		1,309	1,018	
+ 270 days		1,152,643	896,775	
Total	1,220,547	949,605		
Grand-total Consumer Debtors	9,132,020	6,936,241		

	2008	2007
	R	R
10. Other Debtors		
Other	2,754,282	161,589
11. VAT		
VAT receivable	2,030,980	1,411,274
VAT is payable on a receipt basis. Only once payment is received from debtors is VAT paid over to SARS.		
12. Call Investment Deposits		
Financial Instruments		
IDP Fund	361	353
Disaster Fund	348	339
Aids Awareness Fund	521	510
Call Deposit	846	826
Mayoral Discretionary Fund	854	835
Youth Development Fund	95	93
Free Basic Services Fund	12	12
Local Economic Development Fund	867	847
Standard Bank Revolving Fund	8,103	7,672
MIG Cheque Account	907	1,566
Meeg Bank Call Account	488,822	490,398
Meeg Bank 32 Day Notice Deposit	31,166	20,738
Investment Call Accounts	532,902	524,189



		2008	2007
		R	R
13.	Bank, Cash and Overdraft Balances		
	The municipality has the following bank accounts:		
13.1	Current Account (Primary Bank Account)		
	Meeg Bank - Port St Johns Branch - Account Number 4052439958		
	Cash book balance at the beginning of the year - overdrawn	(8,091,826)	(3,784,452)
	Cash book balance at the end of the year - overdrawn	(5,779,807)	(8,091,826)
	Bank statement balance at the beginning of the year - overdrawn	(8,088,648)	(2,881,314)
	Bank statement balance at the end of the year - overdrawn	(5,779,807)	(8,088,648)
13.2	Current Account		
	Standard Bank - Lusikisiki - Account Number 280790007		
	Cash book balance at the beginning of the year	(1,827)	1,223
	Cash book balance at the end of the year	1,102	(1,827)
	Bank statement balance at the beginning of the year - overdrawn	(1,827)	1,223
	Bank statement balance at the end of the year	1,102	(1,827)
13.3	Petty Cash Balance	1,000	611
	Bank and cash balance	2,102	611
14.	Property Rates		
	Actual		
	Residential	1,157,874	306,169
	Commercial	786,533	207,977
	State	945,114	249,910
	Total Assessment Rates	2,889,521	764,056
	Property Valuations		
	Residential	41,896,772	9,047,516
	Commercial	28,460,093	6,145,895
	State	34,198,228	7,385,032
	Municipal	7,430,992	1,604,706
	Total Property Valuations	111,986,085	24,183,149
	<i>Valuations on land and buildings are performed every four years. The last valuation came into effect on 01 July 2007. A general rate of R0.03 is applied to property valuations to determine the assessment rates. Rates are levied on an annual basis on property owners.</i>		

	2008	2007
	R	R
15. Service Charges		
Refuse removal	631,997	24,106
16. Government Grants and Subsidies		
Equitable share	21,718,987	25,726,000
Municipal Support Programme - Various	300,000	880,000
Municipal Support Programme - Administrative	5,000,000	-
Municipal Finance Management Grant	500,000	-
IDP Development Grant	200,000	-
MIG Grant	4,404,234	9,647,976
MSIG Grant	734,000	-
Vuna Awards Special Grant	-	250,000
Total Government Grants and Subsidies	32,857,221	36,503,976
16.1 Equitable share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. As part of this service, the municipality provides free basic electricity through a formalised mechanism through Eskom.		
16.2 Municipal Support Programme - Various		
Balance unspent at the beginning of the year	-	-
Current year receipts	2,605,800	880,000
Conditions met - transferred to revenue	(300,000)	(880,000)
Conditions still to be met - transferred to liabilities	2,305,800	-
16.3 Municipal Support Programme - Administrative		
Balance unspent at the beginning of the year	-	-
Current year receipts	5,000,000	-
Conditions met - transferred to revenue	(5,000,000)	-
Conditions still to be met - transferred to liabilities	-	-
16.4 Municipal Finance Management Grant		
Balance unspent at the beginning of the year	-	-
Current year receipts	500,000	-
Conditions met - transferred to revenue	(500,000)	-
Conditions still to be met - transferred to liabilities	-	-
16.5 IDP Development - Grant		
Balance unspent at the beginning of the year	-	-
Current year receipts	200,000	-
Conditions met - transferred to revenue	(200,000)	-
Conditions still to be met - transferred to liabilities	-	-

	2008	2007
	R	R
17. Employee Related Costs		
Employee related costs - Salaries and wages	12,847,654	11,973,355
Provident Fund, Medical Aids and SDL	2,694,870	2,649,491
Travel, motor car, accommodation, subsistence		
and other allowances	893,848	1,109,886
Overtime payments	88,565	9,328
Total employee related costs	16,524,937	15,742,060
Remuneration of the Municipal Manager		
Annual remuneration	545,348	502,625
Car allowance	132,502	122,122
Contribution to UIF and related items	1,987	1,831
	679,837	626,578
Remuneration of the Chief Finance Officer		
Annual remuneration	324,718	-
Car allowance	129,346	-
Contribution to UIF and related items	2,636	-
	456,699	-
Remuneration of the Manager - Corporate Services		
Annual remuneration	442,979	408,276
Car allowance	130,486	120,263
Contribution to UIF and related items	2,633	2,427
	576,098	530,966
Remuneration of the Engineering Manager		
Annual remuneration	409,561	377,475
Car allowance	120,827	111,361
Contribution to UIF and related items	3,708	3,417
	534,095	492,254
Remuneration of the Local Economic Development Manager		
Annual remuneration	440,515	406,005
Car allowance	130,485	120,263
Contribution to UIF and related items	3,298	3,040
	574,298	529,307

	2008	2007
	R	R
18. Remuneration of Councillors		
Mayor	445,847	423,005
Speaker	356,678	338,404
Exco members	1,103,467	1,046,932
Councillors	3,110,103	2,883,752
Councillors' pension contribution	-	-
Total Councillors' Remuneration	5,016,095	4,692,093
19. Interest Paid		
Finance leases	87,727	73,262
Bank overdraft	853,605	672,914
Outstanding payments	1,213,768	-
Total interest on External Borrowings	2,155,100	746,176
20. Change in Accounting Policy - Implementation of GAMAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of GAMAP:		
20.1 Statutory, Trust and Project Funds		
Balances previously reported:		
Statutory funds	1,182,279	
Trust funds	2,978	
Projects funds	3,238	
Total	1,188,495	
Implementation of GAMAP Transferred to Accumulated Deficit	1,188,495	



		2008	2007
		R	R
20.2	Loans Redeemed and Other Capital Receipts		
	Balances previously reported:		21,302,226
	Implementation of GAMAP		
	Transferred to Government Grant Reserve		21,302,226
20.3	Property, Plant and Equipment		
	Balances previously reported:		-
	Implementation of GAMAP		
	Infrastructure and other assets not recorded now credited to the Accumulated Deficit (see 20.5 below)		33,581,661
20.4	Accumulated Depreciation - Previously Reported		
	Implementation of GAMAP		
	Backlog depreciation: Land and Buildings		-
	Backlog depreciation: Infrastructure		-
	Backlog depreciation: Community		-
	Backlog depreciation: Other		5,834,773
	Total Debited to Accumulated Deficit (see 20.5 below)		5,834,773
20.5	Accumulated (Deficit) / Surplus		
	Previously reported balance - accumulated deficit (30 June 2007)		(9,777,697)
	Transferred from statutory, project and trust funds (note 20.1)		1,188,495
	Transferred from loans redeemed and other capital receipts		979,056
	Capital grant used to acquire PPE		(6,591,783)
	Fair value of property, plant and equipment previously not recorded (note 20.3)		33,581,661
	Backlog depreciation (note 20.4)		(5,834,773)
	Correction of prior period errors (note 21)		(5,302,614)
	Revised Closing Balance - 30 June 2007		8,242,345
21.	Correction of Error		
	During the year ended 30 June 2007 a number of statement of financial position items were misstated in the annual financial statements as follows:		
21.1	A number of account balances in the statement of financial position, were discovered to be inaccurate post the conclusion of the financial statements and could therefore not be corrected. The comparative amounts have been restated as follows:		
	VAT refundable previously understated		127,077
	Loan from the managers' pension fund brought forward from prior years yet settled from pension fund proceeds in the past without the elimination of the receivable		(880,000)

	2008	2007
	R	R
Payroll suspense account subsequently cleared	(50,595)	
Short-term investments and cash balances previously misstated	110	
Correction of a payment previously duplicated in the main bank account	718,561	
2006 accruals previously not reversed, now reversed	648,555	
Net effect on (deficit) / surplus	563,708	
21.2 Correction of further errors in 2007. The comparative amounts have been restated as follows:		
A number of substantial invoices owing and overdue at 30 June 2007 were neither presented for payment by their respective suppliers nor accrued for at year end	(3,696,749)	
Staff deductions with a credit balance written back to the accumulated deficit	168,808	
An unknown liability going back a number of years and reportedly owing to the District Municipality yet unknown to both parties	75,883	
Sub-total carried forward	(3,452,059)	
Sub-total brought forward	(3,452,059)	
Water debtors transferred to O.R. Tambo in prior years without effecting the accounting entries	(2,731,075)	
Related water deposit suspense account also transferred in prior years	1,032,956	
Penalties and interest incurred on employees tax owing for 2007 and prior	(636,435)	
Stale cheques brought forward from prior year written back	22,147	
Past management loans (motor vehicle financing) settled by insurance in prior years after vehicles written off in accidents, yet entries never effected in the general ledger.	(101,856)	
Net Effect on (Deficit) / Surplus	(5,866,322)	

	2008	2007
	R	R
22. Cash (Utilised In) / Generated by Operations		
(Deficit) / surplus for the year	(4,079,992)	2,272,284
Adjustment for:		
Depreciation	1,863,247	1,230,076
Gain on disposal of property, plant and equipment	(3,500,000)	-
Net effect of recognition of property, plant and equipment		(2,994,865)
Correction of prior year errors	-	(5,302,614)
Investment income	(22,966)	(80,445)
Interest paid	1,738,794	746,176
Operating deficit before working capital changes:	(4,000,916)	(4,129,388)
Increase in inventories	(112,266)	-
Decrease in consumer debtors	254,667	12,006
(Increase) / decrease in other debtors	(2,592,693)	1,484,352
Increase in conditional grants and receipts	3,010,800	-
Increase in creditors	2,488,541	2,801,191
Increase in provisions	341,410	-
Increase in VAT refundable	(619,706)	(219,888)
Increase in current portion of long-term liabilities	11,389	214,458
Decrease in short-term portion of long-term receivables	80,544	278,272
Cash (utilised in) / generated by operations	(1,138,230)	441,003
23. Cash and Cash Equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	2,102	609
Call investment deposits	532,902	524,189
Bank overdraft	(5,779,807)	(8,093,653)
Total Cash and Cash Equivalents	(5,244,803)	(7,568,855)

		2008	2007				
		R	R				
24.	Unauthorised, Irregular, Fruitless and Wasteful Expenditure Disallowed						
24.1	Unauthorised expenditure						
	Reconciliation of unauthorised expenditure:						
	Opening balance	-	-				
	Unauthorised expenditure current year	-	-				
	Approved by Council or condoned	-	-				
	Transfer to receivables for recovery	-	-				
	Unauthorised expenditure awaiting authorisation	-	-				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Incident</td><td style="width: 70%;">Disciplinary steps / criminal proceedings</td></tr> <tr> <td>N/A</td><td>N/A</td></tr> </table>	Incident	Disciplinary steps / criminal proceedings	N/A	N/A		
Incident	Disciplinary steps / criminal proceedings						
N/A	N/A						
24.2	Fruitless and wasteful expenditure						
	Reconciliation of fruitless and wasteful expenditure:						
	Opening balance	-	-				
	Fruitless and wasteful expenditure current year	2,024,864	-				
	Condoned or written off by Council	(2,024,864)	-				
	Transfer to receivables for recovery	-	-				
	Irregular expenditure awaiting condonement	-	-				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Incident</td><td style="width: 70%;">Disciplinary steps / criminal proceedings</td></tr> <tr> <td>The municipality has been facing financial difficulties for the last 4 years. As a result, defaulting on payment terms has not been avoidable. However, in the year under review the municipality has settled the pension liability, a substantial number of creditors hence the significant interest paid and we continue to be up to date with regards to current pension contributions for example. Negotiations to waive penalties and interest are ongoing.</td><td>N/A</td></tr> </table>	Incident	Disciplinary steps / criminal proceedings	The municipality has been facing financial difficulties for the last 4 years. As a result, defaulting on payment terms has not been avoidable. However, in the year under review the municipality has settled the pension liability, a substantial number of creditors hence the significant interest paid and we continue to be up to date with regards to current pension contributions for example. Negotiations to waive penalties and interest are ongoing.	N/A		
Incident	Disciplinary steps / criminal proceedings						
The municipality has been facing financial difficulties for the last 4 years. As a result, defaulting on payment terms has not been avoidable. However, in the year under review the municipality has settled the pension liability, a substantial number of creditors hence the significant interest paid and we continue to be up to date with regards to current pension contributions for example. Negotiations to waive penalties and interest are ongoing.	N/A						

24.3 Irregular Expenditure

Reconciliation of irregular expenditure:

Opening balance

Irregular expenditure current year

Approved by Council or condoned

Transfer to receivables for recovery - not condoned

Irregular expenditure awaiting authorisation

	2008	2007
	R	R
	-	-
	1,452,953	-
	-	-
	-	-
Irregular expenditure awaiting authorisation	1,452,953	-

Incident	Disciplinary steps / criminal proceedings
St Johns Development Agency. This expenditure was specifically approved by the Council as part of the 2007/08 budget, however the municipality did not comply with Section 67 of the MFMA to the fullest. Therefore, notwithstanding this expenditure being fully authorised and the activities of these Local Economic Development Programmes being closely monitored by the municipality, in terms of the strict application of the MFMA this expenditure is nonetheless regarded as irregular expenditure notwithstanding its authenticity and full approval. In other words, this expenditure is only technically irregular, versus being substantiatively irregular.	N/A

		2008	2007
		R	R
25.	Additional Disclosures in Terms of Municipal Finance Management Act		
25.1	Contributions to Organised Local Government		
	Opening balance	-	-
	Council subscriptions	156,971	-
	Amount paid - current year	(73,971)	-
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	* 83,000	-
	* The 2008/09 amount of R83,000 was billed in April 2008 hence part of creditors at year end.		
25.2	Audit Fees		
	Opening balance	165,994	-
	Current year audit fee	698,819	165,994
	Amount paid - current year	-	-
	Amount paid - previous years	(165,994)	-
	Balance unpaid (included in creditors)	698,819	165,994
25.3	VAT		
	VAT input receivables are shown in note 11.		
25.4	PAYE, UIF and SDL		
	Opening balance	2,729,369	753,715
	Current year payroll deductions	2,534,650	2,157,286
	Amount paid - current year	-	-
	Amount paid - previous years	(300,220)	(181,632)
	Balance unpaid (included in creditors)	4,963,798	2,729,369



25.5 Lease Commitments

Commitments in respect of rental agreements:		<1 Year	2-5 Years	TOTAL
a)	KM 1530 multifunction photocopier with serial no 37087245 for 60 months started from 27 March 2006 to 27 February 2011 Monthly rental of R599 ex vat escalate by 15%	10,561	17,603	28,164
b)	IP Pabx Main Unit telephone management system with serial no 4FAVG002946 for 60 months starting from 26 April 2006 to 10 Oct 2011, Monthly rental of R2,564 escalate by 0%	30,769	56,410	87,179
c)	KM 1500 multifunction photocopier with serial no 44448236 for 60 months started from 28 October 2004 to 30 September 2010 Monthly rental of R408 ex vat escalate by 15%	9,031	2,258	11,289
d)	KM 2530 multifunction photocopier with serial no D3303358 for 60 months started from 1 March 2006 to 30 April 2011 Monthly rental of R3173 ex vat escalate by 15%	55,893	93,157	149,050
e)	KM 2530 multifunction photocopier with serial no AAH3058602 for 60 months started from 1 March 2006 to 30 April 2011 Monthly rental of R3173 ex vat escalate by 15%	55,893	93,157	149,050
		162,146	262,586	424,732

25.6 Additional Disclosures in Terms of Pension and Medical Aid Deductions

	2008	2007
Opening balance	2,697,859	1,874,661
Current year payroll deductions and Council contributions	4,497,823	4,450,605
Amount paid - current year	(2,697,859)	-
Amount paid - previous years	(4,497,823)	(3,648,390)
Interest on arrears	-	20,983
Balance unpaid (included in creditors)	-	2,697,859

26. Retirement Benefit Information

The municipality has a retirement contribution plan to which all qualifying employees belong.

27. Contingent Liability

None.

28. Events after the Reporting Date

There are no events subsequent to the reporting date that require reporting.

29. Comparison with the Budget

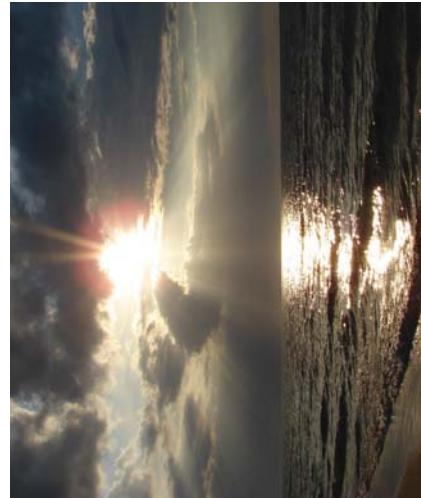
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1).

Port St Johns Municipality

Appendix A

Schedule of External Loans as at 30 June 2008

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/07	Received during the year	Redeemed / written off during the year	Balance at 30/06/08	Carrying Value of Property, Plant and Equipment	Other costs in accordance with the MFMA
LEASE LIABILITY			R	R	R	R	R	R
Mercedes Benz ML350	30-1957-2774	30 June 2009	458,610	-	215,140	243,470	391,807	-





Port St Johns Municipality
Appendix B - Analysis of Property Plant and Equipment as at 30 June 2008

	Cost / Evaluation			Accumulated Depreciation			Carrying Value	
	Opening Balance	Additions / Revaluation	Under Construction	Disposals	Closing Balance	Additions	Disposals	Closing Balance
Land and Buildings								
Land	29,110,594	-	-	5,300,000	23,810,594	-	-	-
Land and Buildings	5,769,225	-	-	-	5,769,225	-	-	5,769,225
Infrastructure	34,879,819	-	-	5,300,000	29,579,819	-	-	-
Street Lights	-	-	839,162	-	839,162	-	-	-
Tarred Roads	5,618,395	-	-	-	5,618,395	2,552,017	187,093	2,739,110
Access Roads	6,591,783	-	2,410,581	-	9,002,364	1,306,347	878,685	2,185,032
Community Assets	12,210,178	-	3,249,743	-	15,459,921	3,858,365	-	4,924,142 10,535,779
Graveyard	117,500	-	-	-	117,500	-	-	-
Recreation Grounds	475,320	-	-	-	475,320	-	-	-
Community Halls	4,489,536	-	-	-	4,489,536	1,853,753	149,502	-
Leased Assets Motor Vehicles	5,082,356	-	-	-	5,082,356	1,853,753	149,502	-
Other Assets	587,710	-	-	-	587,710	78,361	117,542	-
Landfill Site	1,131,232	-	-	-	1,131,232	188,550	37,670	-
Furniture and Fittings	973,050	24,169	-	304,466	692,753	601,725	69,197	360,260
Plant and Equipment	1,291,800	-	-	-	1,291,800	516,720	129,180	-
Motor Vehicles	5,612,632	-	-	4,662,016	950,616	5,268,283	190,123	4,662,016
Tools and Equipment	41,400	-	-	-	41,400	21,525	6,210	-
Office Equipment	59,400	-	-	-	59,400	59,394	-	59,394
Traffic and other Equipment	-	68,850	-	-	68,850	-	3,661	65,189
Computer Equipment	566,428	125,147	-	245,279	446,296	329,436	94,385	156,949
9,675,942	218,166	-	5,211,761	4,682,347	6,985,433	530,426	5,179,225	2,336,634 2,345,713
62,436,005	218,166	3,249,743	10,511,761	55,392,153	12,775,912	5,179,225	9,459,934	45,932,219



Port St Johns Municipality

Appendix E(1) - Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2008

Revenue	2008 Actual	2008 Budget	2008 Variance	2008 Variance %	Explanation of Significant Variances
Property Rates	2,889,521	6,500,000	(3,610,479)	-56%	The budget included additional revenue anticipated from consumer debtors.
Service Charges - refuse	631,997	501,660	130,337	26%	
Rental of Facilities	31,688	120,000	(88,312)	-74%	
Interest Earned on External Investments	7,938	-	7,938	100%	
Interest Earned on Outstanding Debtors	15,028	-	15,028	100%	
Fines	74,710	-	74,710	100%	
Licences and Permits	61,097	40,000	21,097	53%	
Government Grants and Subsidies	32,857,221	31,955,686	901,535	3%	
Other income	101,433	19,356,060	(19,254,627)	-99%	
Gains on Disposal of Property, Plant and Equipment	3,500,000	-	3,500,000	100%	Budgeted income includes approximately R18m worth of revenue that was anticipated from the disposal of fixed assets.
Total Revenue	40,170,633	58,473,406		-31%	
Expenditure					
Executive and Council	7,945,197	12,275,776	4,330,579	35%	
Corporate Services	10,821,220	8,346,301	(2,474,919)	-30%	
Budget and Treasury	13,760,897	3,938,625	(9,822,272)	-249%	
Local Economic Development	3,230,707	6,085,517	2,854,810	47%	
Engineering and Planning	5,112,379	19,448,864	14,336,485	74%	
Community and Social Services	3,380,225	8,378,324	4,998,099	60%	
Total Expenditure	44,250,625	58,473,407	14,222,782	24%	
Net Deficit for the Year	4,079,992)	(1)	(4,079,991)	-100%	